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FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC 3497  
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHUJA/AMEMBASSY ABUJA 2088  
RUEHAR/AMEMBASSY ACCRA 2327  
RUEHDS/AMEMBASSY ADDIS ABABA 2445  
RUEHRL/AMEMBASSY BERLIN 0959  
RUEHBY/AMEMBASSY CANBERRA 1723  
RUEHDK/AMEMBASSY DAKAR 2078  
RUEHKM/AMEMBASSY KAMPALA 2499  
RUEHNR/AMEMBASSY NAIROBI 4931  
RHEHAAA/NSC WASHDC  
RHMFISS/EUCOM POLAD VAIHINGEN GE  
RUEHGV/USMISSION GENEVA 1594  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
RHEFDIA/DIA WASHDC  
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000881

AF/S FOR B. WALCH  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS  
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN  
TREASURY FOR J.RALYEA AND T.RAND  
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN  
COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A  
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SUBJECT: ZIM NOTES 9-26-2008

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1. SUMMARY  
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Topics of the week:

- Mugabe UNGA Speech Hits Familiar Themes
- Mbeki Resignation Causing ZANU-PF Concern
- Welshman Ncube Discusses Negotiation Impasse
- Donors Discuss Re-Engagement
- Violence Continues
- Teachers Still on Strike, Union Leader Released
- Ministers to Continue During Deadlock
- Poaching on the Rise
- Cash Shortage Worsens
- Local Currency Falling Nearly 2% per Day in Value
- Zimbabwe Facing Major Cereal Shortages
- Government Widens Tax Brackets

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2. Price Movements-Exchange Rate  
and Selected products  
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Parallel rate for cash doubled to Z\$970:US\$1

Bank transfer rate increased fivefold to Z\$220,000:US\$1 against  
inter-bank average of Z\$123:US\$1

Bread on the parallel market rose at Z\$1,500

Sugar is steady at \$1,000/2kg

Petrol and diesel climbed to Z\$1,300/liter

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On the Political/Social Front  
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¶3. Mugabe UNGA Speech Hits Familiar Themes... Oblivious to the situation on the ground in Zimbabwe, Mugabe boasted about the foundation land reform has established for food security and the GOZ's contribution to sustainable development. He called the US and UK vindictive and self righteous, saying those who proposed UNSC sanctions on Zimbabwe were insane and "themselves international perpetrators of genocide, acts of aggression and mass destruction." He pledged ZANU-PF commitment to the September 15 power sharing agreement, which he lauded as an African solution to an African problem. For full text of speech, see <http://www.un.org/ga/63/generaldebate/zimbabwe.shtml>.

¶4. Mbeki Resignation Causing ZANU-PF Concern... ZANU-PF officials are worried about the impact the sudden forced resignation of South African President Thabo Mbeki will have on the implementation of the signed agreement. They fear the replacement of a ZANU-PF-sympathetic Mbeki with potentially a more pro-MDC mediator could lead to pressure for additional political concessions. See Harare 874

¶5. Welshman Ncube Discusses Negotiation Impasse... MDC-M Secretary General Welshman Ncube gave us his take on a range of issues including the deadlock in ministerial negotiations, South Africa's role in breaking the stalemate, and the local and international criticism surrounding the MDC-M's controversial leader Arthur Mutambara. Ncube confirmed that allocation of four ministries-Home Affairs, Foreign Affairs, Finance, and Local Government-is holding up the implementation of the agreement. See Harare 878.

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¶6. Donors Discuss Re-Engagement... On September 25, the like-minded donor group held an all-day workshop on donor re-engagement. The agenda included sessions to outline and come to consensus on a recovery plan, how it would unfold operationally (benchmarks for the GOZ), aid modalities that would be used, areas of sectoral interest and expected funding levels for different donors, and mechanisms and principles for coordination. A technical note outlining the discussion will be presented at the next high level donor meeting scheduled in Ottawa on October 30.

¶7. Violence Continues... Despite the deal, violence and arbitrary arrests continue. In Mutare, eight MDC supporters were arrested on September 19, accused of celebrating the signed agreement by attacking the house of a ZANU-PF member. In the high-density Harare suburb of Mbare, dozens of families were attacked by ZANU-PF militia members in front of police, who took no action. The families had been illegally evicted in the wake of political violence in June.

¶8. Teachers Still on Strike, Union Leader Released... This week the Zimbabwe Teachers' Association (ZIMTA) joined the Progressive Teachers Union (PTUZ) in the teachers' strike, now in its third week. PTUZ President Takavafira Zhou was released on September 22 after spending four nights in jail in Masvingo. While he faces charges of insulting the President, his jailers accused him of interfering with their children's education and leading the strike.

¶9. Ministers to Continue During Deadlock... The government's mouthpiece, The Herald, reported on September 23 that according to Mugabe's chief secretary, incumbent ministers should continue in their current positions until the appointment of new ministers has taken effect.

¶10. Poaching on the Rise... Zimbabwe's environmental degradation has accelerated this year in light of growing economic woes and ongoing political turmoil. Despite increased poaching, only two culprits have been convicted and numerous others have gone free. See Harare 863 and a WWF press statement on rhino poaching in Zimbabwe at [www.panda.org/species](http://www.panda.org/species).

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On the Economic and Business Front  
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¶11. Cash Shortage Worsens... Banks are barely getting a fifth of

their daily cash requirement from the Reserve Bank as cash grows increasingly scarce. The shortage drove the bank transfer rate up fivefold this week. In the meantime, responding to intense public pressure, the government increased the daily cash withdrawal limit from Z\$1,000 (roughly US\$1) to Z\$20,000. See Harare 0865.

¶12. Local Currency Falling Nearly 2% per Day in Value... Since the revaluation of the Zimbabwe dollar on August 1, the currency has been losing value at the rate of about 1.8 percent per day. On September 25, 2008, it was worth about a fifth of its value on August 1 when 10 zeros were dropped.

¶13. Zimbabwe Facing Major Cereal Shortages... FEWSNET's Zimbabwe Food Security Alert of September 24, 2008 reports that combined commercial and humanitarian cereal imports must triple from their current rate between now and March 2009 to meet the country's requirements for the remainder of the marketing year. At the current rate, Zimbabwe could run out of cereals by early November. For full Alert, see [www.fews.net/zimbabwe](http://www.fews.net/zimbabwe).

¶14. Government Widens Tax Brackets... The GOZ raised the tax-free income threshold from Z\$500 (roughly US\$0.50 on the street) per month to Z\$15,000 (US\$15) per month effective September 1, 2008. It also widened income tax bands; the highest tax rate of 47.5% now

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comes into effect for incomes above Z\$300,000 (US\$300) per month. The AIDS levy of 3% of the tax pushes the highest tax rate to 48.9%. Given galloping inflation, bracket creep has become bracket leap for most Zimbabweans.

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Quote of the Week: Mugabe on Mugabe  
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¶15. President Robert Mugabe, in an interview following his UNGA speech on September 25: "They are waiting for a day when this man, this evil man, called Robert Mugabe is no longer in control," he said "and I don't know when that day is coming." - New Zimbabwe, September 25.

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